

Initial Report to the Governor and Legislature

**Joint Task Force on Long-Term Care Financing and
Chronic Care Management**

2SHB 1220 (Chapter 276, Laws of 2005)

January 1, 2006

The 2005 Legislature passed, and the Governor signed, 2SHB 1220 (Chapter 276, Laws of 2005) creating the Long-Term Care Financing and Chronic Care Management – Joint Task Force (*hereinafter*, Task Force). The legislation requires the Task Force to provide an initial report by January 1, 2006.

Brief Summary: The Task Force convened on November 3, 2005. At this first meeting, the Task Force members: selected Representative Dawn Morrell as Chair; established advisory committees; identified a process for naming advisory committee members; reviewed and adopted a work plan with milestones; and affirmed that Representative Mary Skinner will serve as an alternate on the Task Force. Additionally, Kathy Leitch, DSHS Assistant Secretary for the Aging and Disability Services Administration, provided the Task Force with an overview of the state's long-term care system; and the Task Force took testimony from long-term care consumers and providers and heard from specialists in the area of chronic care management and disability prevention. The Task Force also took input from the public.

The membership of the Task Force is set in statute according to 2SH 1220 to include “the secretary of the department of social and health services; the secretary of the department of health; the administrator of the health care authority; a representative from the governor's office; two members of the senate appointed by the president of the senate, one of whom shall be a member of the majority caucus and one of whom shall be a member of the minority caucus; and two members of the house of representatives appointed by the speaker of the house of representatives, one of whom shall be a member of the majority caucus and one of whom shall be a member of the minority caucus.” As such, the Joint Task Force Long-Term Care Financing and Chronic Care Management consists of:

- Secretary Robin Arnold-Williams, DSHS;
- Secretary Mary Selecky, DOH;
- Administrator Steve Hill, HCA;
- Mark Rupp, Governor's Office;
- Senator Karen Kaiser (33rd);
- Senator Linda Evans Parlette (12th);
- Representative Dawn Morrell (25th); and
- Representative Barbara Bailey (10th).

Directed by the legislation to “create advisory committees to assist the joint task force in its work,” the Task Force created three such advisory committees. Those committees and their respective objectives include:

- **Current System Evaluation:** Deliver recommendations to the Task Force concerning near term modifications to the composition of State long-term care services and funding structure, which will reduce or contain costs and minimize reductions in service quality or access to services for Washingtonians in urban and rural settings.
- **New Funding Models:** Deliver recommendations to the Task Force on public and private financing options the State can use to promote the ability of its citizens to plan and pay for their long-term care needs and identify sustainable funding models which will allow

the State to provide client-choice driven, quality, and cost-effective long-term care services to its most vulnerable citizens.

- **Chronic Care Management and Disability Prevention:** Deliver recommendations to the Task Force on models of chronic disease management which provide the State and its clients effective tools to reduce health care and long-term care costs related to ineffective chronic care management and improve the general health of Washingtonians over the course their lifetime.

Each one of the advisory committees' objectives are rooted in the language of 2SHB 1220 and taken nearly verbatim from the legislation: "Current System Evaluation" from Section 6, subsections (a), (c), and (e); "New Funding Models" from Section 6, subsections (b) and (d); and "Chronic Care Management and Disability Prevention" from Section 7. (*See Appendix A for full list of Advisory Committee Members.*)

Supporting the work of the Task Force and the advisory committees is a staff team comprised of staff from the legislative and executive branches and includes:

- Denise Gaither, DSHS;
- Heidi Keller, DOH;
- Kathy McCord, HCA;
- Mark Rupp, Executive Policy Office;
- Carole Holland, OFM;
- Nick Lutes, OFM;
- Sharon Swanson, Senate Committee Services;
- Tim Yowell, Senate Committee Services;
- Dave Knutson, Office of Program Research;
- Bernard Dean, Office of Program Research;
- Pete Menzies, Senate Democratic Caucus;
- Jonnel Anderson, Senate Republican Caucus;
- Jane Beyer, House Democratic Caucus; and
- Stacey Baker, House Republican Caucus

Rationale for Task Force: The work to be done by the Joint Task Force on Long-Term Care Financing and Chronic Care Management over the course of the next eighteen months is of vital importance to the state of Washington and those among us who are – or will be – dependent on long-term care services. Given population trends, those in our state who are 65 years of age and older will nearly double in the next twenty years, going from 11-percent of our current, total population to almost 20-percent of our total population in 2025.

Additionally, a particular segment of the population that also requires long-term care services but are often times overlooked, are those younger disabled individuals under 65 years of age. Nationwide, this population accounts for 37-percent of the total number of people who need long-term care.

Some may question the relevance of having another task force looking at our long-term care system. The most recent task force completed its work in 2000 and before it, a Long-Term Care Commission presented recommendations to the Legislature in 1991; and in between, there have been numerous case studies of Washington state's long-term care delivery system.

But what makes the work of this Task Force on Long-Term Care Financing and Chronic Care Management so extremely important is its focus on – as the name of the task force suggests – financing and chronic care management.

In Washington, the bulk of care-giving is provided informally by family members or by friends. However, many seniors need professional care for at least part of the day. Long-term care is not a service generally covered by health insurance plans. Therefore, individuals who need long-term care must purchase separate long-term care insurance; pay for care out-of-pocket; or be impoverished enough to qualify for the joint federal/state Medicaid social safety net program.

Long-term care can be expensive. In-home care services are generally the least expensive option, but still can cost over \$10,000 per year. Adult family homes, assisted living facilities and other boarding homes are more expensive; and nursing home care, the most intensive care option, can cost anywhere between \$40,000-\$80,000 per year. As such, there remains an overarching and important question as to how the state – and our state's residents – will be able to finance long-term care when individuals need care. There is also the question as to whether there are sound practices we can implement to improve the quality of functioning in people with chronic care conditions so as to reduce their need for intrusive long-term care services.

The authorizing legislation, as passed by the Legislature, requires that “[t]he task force shall create advisory committees and actively consult and solicit recommendations from the advisory committee(s).” The Governor and the Task Force want and expect these advisory committees to be an integral part of the work to be performed by the Task Force. It will be the members of these advisory committees that will bring the on-the-ground experience of working within the wide array of long-term care services and the expertise necessary to make this Task Force a successful one.

In addition to carrying out the fundamental tenets of the enabling legislation, the Governor and Task Force see the work of the Task Force and advisory committees as providing an educational opportunity to help Washingtonians as a whole understand more about the long-term care system and options that exist within the system for families caring for loved ones.

Education is key. For those who are eligible for public services, the state does a great job outlining options for care for beneficiaries; but for those who are not eligible for public services, wading into the long-term care system can be a daunting and overwhelming chore.

Unfortunately, many people do not plan for, or cannot afford to plan for, their future long-term care needs. Not until it is too late and individuals and their families reach a “crisis” moment do people begin to assess long-term care options – and this is not the *ideal* time for making such life altering decisions.

In an effort to educate, there is the expectation that the Task Force will hold the majority of its meetings around the state, in urban areas as well as rural areas and in nursing homes and in adult day facilities. The Governor and Task Force sees these statewide meetings as a key component in their vision for educating Washingtonians about preparing for their own long-term care needs by virtue of the power the Task Force has in raising awareness wherever it goes. Furthermore, these meetings will provide an excellent opportunity for educating the Task Force, hearing directly from varying communities about their particular long-term care needs.

Workplan: The Task Force has six meetings scheduled in the coming 2006 calendar year. In needing to provide a preliminary report on its findings to the legislature and Governor by January 1, 2007, the last meeting of the year is tentatively scheduled for November 29, 2006. At that time, the Task Force will receive final recommendations from the advisory committees.

The three advisory committees will meet at least once every six weeks in Olympia, beginning in January. Each committee will develop an outline for a preliminary report to the Task Force in March 2006 and present their preliminary findings to the Task Force at the Task Force's April 2006 meeting.

As each advisory committee begins its work, within the workplan, the Task Force set out several questions specific to each committee—questions that are intended to focus each committee's thinking. With respect to each committee, the questions include:

Current System Evaluation

- 1) Provide baseline data for Washington state consistent with section 6(a) of the legislation.
- 2) Informal caregivers:
 - How many elderly and people with disabilities rely upon informal caregiving, either exclusively or along with paid care?
 - What are the demographics of informal caregivers?
 - How much care do informal caregivers provide?
 - What supports are needed for informal caregivers?
- 3) Long-term care in Rural Settings
 - What is the utilization rate of and/or demand for the "Coming Home" projects in rural areas? Should we continue these projects?
- 4) How does the state determine the appropriate level of reimbursement for long-term care services?
- 5) What is the frequency in which reimbursement rates are re-based?
- 6) How are reimbursement rates developed?
- 7) Should reimbursement methodologies be simplified (e.g. nursing home rate calculation) or should they be made more precise (e.g. community residential rates)?
- 8) How does the Health Care Authority work under HB 1512 (Chapter 446, Laws of 2005) help find the best practices in long-term care?
- 9) What services is the state now funding/providing that are no longer regarded as the best practices for serving people with functional limitations?
- 10) Are there state laws and/or regulations that should be revised and/or eliminated in order to reduce or contain long term care costs to individuals and the state?

New Funding Models

Private Financing

- 1) Baseline information on the financial status of seniors and people with disabilities:
 - Income distribution, for both earned and unearned income;
 - Assets, including personal savings.
- 2) What is the baseline/existing status for private pay options in the State of Washington?
- 3) What opportunities exist that can increase a Washingtonian's ability to pay for their long-term care needs?
- 4) Can the state provide incentives that will enhance the desirability to use these methods for long-term care financing?
- 5) What is the feasibility of the following options to realistically enable individuals to pay for long-term care?
 - Personal savings and pensions
 - Availability of family care (are there incentives and supports for families to provide care or pay for care?)
 - Creative community-based strategies for funding quality long-term care
 - Enhanced health insurance
 - Long-term care insurance
 - Life insurance annuities
 - Reverse mortgages and other products that draw on home equity

Public Financing

- 1) How does the state determine the appropriate level of reimbursement for long-term care services?
- 2) What is the frequency in which reimbursement rates are re-based?
- 3) How are the reimbursement rates developed?
- 4) Should reimbursement methodologies be simplified or should they be made more precise?
- 5) Are we maximizing other federal funding opportunities (e.g. individuals who are dually eligible for both Medicaid and Medicare)?
- 6) Are there other revenue options that the state could pursue?

Chronic Care Management and Disability Prevention

- 1) Identify successful chronic care management and disability prevention interventions:
 - What are other states doing to address chronic care management and/or disability prevention? Should the state look at the SOURCE program in Georgia as a model?
 - How is success measured? (Impact on health status, outcome and cost-effectiveness?)
 - Consider interventions through: employer sponsored health coverage and other health insurance products; state and local public health efforts; state Medicaid agencies; Medicare; Veterans Administration; and other purchasers.
 - Identify incentives to promote the use of successful interventions, including "purchasing for quality" and "pay for performance" through public or private sector purchasing.

- 2) Should we replicate/expand the Mobility Projects beyond Pierce and Yakima Counties?
- 3) What community resources are available to promote healthy aging and what partnerships might be necessary with other state/local agencies to expand programs?
- 4) What opportunities are there for expansion of service delivery models that integrate primary acute and long-term care to address chronic care?
- 5) Does the State promote prevention for the following diseases and conditions, that are the leading causes of disability for which known, effective interventions are available to prevent or delay complications and the need for care and treatment?
 - Diabetes
 - Cardiovascular disease
 - Adverse Drug Interactions
 - Falls
 - Trauma (availability to trauma systems)

Request for Proposals: On December 19, 2005, the Washington State Office of Financial Management (OFM) initiated a Request for Proposals (RFP) to solicit proposals from consultants interested in providing consulting and project management services to assist OFM and the Task Force in implementing 2SHB 1220. Proposals are due to OFM by January 19 and it is expected that the successful contractor will begin by February 19.

OFM and the Task Force will utilize the contractor's expertise and experience to:

- Assess the existing financing and chronic care systems of health care providers, state agencies, and third party payers;
- Identify current national trends in the development of public and private financing mechanisms for long-term care;
- Assess the feasibility of implementing the various financing strategies in Washington State and identify costs and savings with respect to each.

It is expected that the work of the successful contractor will include, but is not limited to:

- Attending and participating in meetings of the Task Force (approximately monthly) and providing requested deliverables.
- Attending and participating in meetings of the advisory committees (approximately monthly) and providing necessary tools, materials or deliverables as requested.
- Preparing and revising reports to the Legislature, including the preliminary report due by January 1, 2007 and the final report due by June 30, 2007.
- Working with the Task Force, OFM staff, executive agency staff, and legislative staff to develop and maintain a project plan delineating the scope of work, tasks, milestones, and timelines required.
- Advising and assisting in development and execution of the project plan, including staffing (internal and additional consultants), stakeholder involvement, communications, education, and research.

- Providing expert briefings to the Task Force, stakeholder advisory committees, OFM and policy makers on the background, key issues, and implementation challenges of long-term care financing and chronic care management, including lessons learned from current projects in communities across the nation.
- Reviewing, analyzing, discussing, and recommending options and strategies for financing long-term care services and chronic care management.

The consultant and staff performing the services are required to have the following minimum qualifications:

- At least 10 years demonstrated experience in long-term care, including multiple consultation engagements.
- Demonstrated experience and expertise in administering long-term care programs and/or research related to long-term care, particularly administrative and/or research experience and expertise related to financing long-term care and chronic care management.
- Familiarity with Washington State's long-term care system.
- Prior experience working with both state and federal governments within the long-term care arena.

Conclusion: The Joint Task Force on Long-Term Care Financing and Chronic Care Management, and its advisory committees, are committed to identifying solid solutions for financing long-term care services in Washington state and, at the same time, developing best practices for managing chronic diseases in our population and preventing diseases. The Task Force believes it is on track to provide sound budget and policy recommendations to the Legislature and Governor by January 1, 2007 for their consideration in planning for the 2007 – 2009 biennium.

Appendix A

Initial Report to the Governor and Legislature

Joint Task Force on Long-Term Care Financing and Chronic Care Management

2SHB 1220 (Chapter 276, Laws of 2005)

January 1, 2006

Appendix A

Advisory Committees and Members

Advisory Committee on Current System Evaluation

Diane Arnold.....	<i>OPEIU, Local 8</i>
Robert Arsenault	<i>Emeritus Corporation (Tacoma)</i>
Amy Crewdson	<i>Columbia Legal Services (WSBA)</i>
Sue Elliot.....	<i>Executive Director, ARC of WA</i>
Hilke Faber.....	<i>Founder, Resident Councils of WA</i>
Brigitte Folz	<i>Harborview Medical Center, Seattle</i>
Nora Gibson	<i>Executive Director, ElderHealth NW</i>
Benita Hyder	<i>OPEIU, Local 8</i>
Candice Inagi	<i>SEIU-775</i>
Anne Koepsell.....	<i>Executive Director, Washington State Hospice & Palliative Care Organization (Otis Orchards)</i>
Sheila Masteller	<i>President, VNA Home Health Care Services (Spokane)</i>
Bernadette McBride,	<i>President, Legacy Management (Kennewick)</i>
Wendy Mitchell	<i>Administrator/Care Manager, Foothills Adult Family Homes, Inc.</i>
Toby Olson.....	<i>Governor's Committee on Disability Issues and Employment</i>
Irene Owens	<i>Aging and Disabilities Services Administration</i>
Bruce Reeves	<i>Senior Lobby</i>
Jim Roe	<i>San Juan Rehabilitation and Care Center</i>
Louise Ryan	<i>Assistant State Ombudsman</i>
Roy Walker	<i>Executive Director, Olympia Area Agency on Aging</i>
Martin Woodin.....	<i>President, King Co. Chapter of WA State Residential Care Council of Adult Family Homes</i>

Advisory Committee on New Funding Models

Mark Bargloff	<i>CEO, Odessa Memorial Healthcare Center</i>
Sean Barrett.....	<i>Director, Disability Resource Connection (Everett)</i>
Nick Beamer	<i>Executive Director, Aging and Long Term Care of Eastern Washington</i>
Charlene Boyd	<i>Administrator, Mt. St. Vincent Care Center</i>
Nancy Dapper	<i>Alzheimer's Association</i>
Jonathan Eames.....	<i>Washington Health Care Association</i>
Benita Hyder	<i>OPEIU, Local 8</i>
Janice LaFlash.....	<i>Office of the Insurance Commissioner</i>
Kathy Leitch.....	<i>Aging and Disabilities Services Administration</i>
Dennis Mahar.....	<i>Executive Director, Thurston County Area Agencies on Aging</i>
Lauren Moughon.....	<i>AARP</i>
Aaron Mountain	<i>Administrator, Mountain Meadows Adult Family Homes (Walla Walla)</i>
Sally Nixon	<i>Pierce County. Area Agencies on Aging</i>

Donna Patrick.....*Developmental Disabilities Advocate*
 Charly Reed*Home Care Quality Authority*
 David Rolf.....*President, SEIU-775*
 Robert Stevenson*State Council on Aging (Port Townsend)*
 Cassie Undland*Executive Director, Evercare*
 Mark Vohr.....*Aiken, St. Louis & Siljeg (Washington State Bar Association)*

Advisory Committee on Chronic Care Management and Disability Prevention

Helen Bradley..... *Director, Aging & Long Term Care, SE Washington Area Agencies on Aging*
 Donna Christensen.....*American Diabetes Association*
 Victoria Doerper*Executive Director, North West Area Agency on Aging*
 Carol Frontiero.....*SEIU-775*
 Ellen Garcia*Executive Director, Providence ElderPlace (PACE)*
 Anita Goin.....*ARC of WA*
 Kary Hyre.....*State Ombudsman*
 Beth Johnston.....*Alpine Way Retirement*
 Dr. Martin Levine*Geriatrician, Medical Director of Senior Care*
 Patty Mulhern.....*Home Care Association of Washington*
 Dan Murphy*Aging and Disabilities Services Administration*
 Deb Murphy*CEO, WA Association of Housing and Services for the Aging*
 Sara Myers*Director, WA Adult Day Services Association*
 Peter Nazzal*Director, LTC System, Catholic Community Services*
 Jan Norman, RD, CDE.....*Cardiovascular, Diabetes, Nutrition & Physical Activity Program Manager, Department of Health*
 Pam Peiring.....*Director, Aging and Disability Services, Seattle*
 Dr. Elizabeth Phelan*Assistant Professor, Medicine/Gerontology and Geriatric Medicine, University of Washington*
 Mary Klotz Walker*Dean, Seattle University School of Nursing*
 Gail Weaver*Vice President, Continuum of Care, Yakima Valley Memorial Hospital*

Appendix B

Initial Report to the Governor and Legislature

Joint Task Force on Long-Term Care Financing and Chronic Care Management

2SHB 1220 (Chapter 276, Laws of 2005)

January 1, 2006

CERTIFICATION OF ENROLLMENT
SECOND SUBSTITUTE HOUSE BILL 1220

Chapter 276, Laws of 2005

59th Legislature
2005 Regular Session

LONG-TERM CARE FINANCING AND CHRONIC CARE MANAGEMENT--JOINT TASK
FORCE

EFFECTIVE DATE: 7/24/05

Passed by the House April 18, 2005
Yeas 95 Nays 0

FRANK CHOPP

Speaker of the House of Representatives

Passed by the Senate April 7, 2005
Yeas 43 Nays 0

BRAD OWEN

President of the Senate

Approved May 4, 2005.

CHRISTINE GREGOIRE

Governor of the State of Washington

CERTIFICATE

I, Richard Nafziger, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is SECOND SUBSTITUTE HOUSE BILL 1220 as passed by the House of Representatives and the Senate on the dates hereon set forth.

RICHARD NAFZIGER

Chief Clerk

FILED

May 4, 2005 - 3:31 p.m.

Secretary of State
State of Washington

SECOND SUBSTITUTE HOUSE BILL 1220

AS AMENDED BY THE SENATE

Passed Legislature - 2005 Regular Session

State of Washington 59th Legislature 2005 Regular Session

By House Committee on Appropriations (originally sponsored by Representatives Morrell, Schual-Berke, Cody, Simpson, Campbell, Williams, Chase, Kenney, O'Brien, Clibborn, Conway, Green, Kagi and Upthegrove; by request of Governor Gregoire)

READ FIRST TIME 03/09/05.

1 AN ACT Relating to establishing a task force on long-term care
2 financing and chronic care management; and creating new sections.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 NEW SECTION. **Sec. 1.** (1) The governor shall establish a joint
5 legislative and executive task force on long-term care financing and
6 chronic care management. The joint task force consists of eight
7 members, as follows: The secretary of the department of social and
8 health services; the secretary of the department of health; the
9 administrator of the health care authority; a representative from the
10 governor's office; two members of the senate appointed by the president
11 of the senate, one of whom shall be a member of the majority caucus and
12 one of whom shall be a member of the minority caucus; and two members
13 of the house of representatives appointed by the speaker of the house
14 of representatives, one of whom shall be a member of the majority
15 caucus and one of whom shall be a member of the minority caucus.

16 (2) The joint task force shall elect a member of the joint task
17 force to serve as chair of the joint task force.

18 (3) Consistent with funds appropriated specifically for this

1 purpose, the joint task force shall contract for professional services.
2 State agencies, the senate, and the house of representatives may
3 provide staff support upon request of the joint task force.

4 (4) The joint task force shall create advisory committees to assist
5 the joint task force in its work. The task force shall actively
6 consult with and solicit recommendations from the advisory committee or
7 committees regarding issues under consideration by the task force.

8 (5) Joint task force members may be reimbursed for travel expenses
9 as authorized under RCW 43.03.050 and 43.03.060, and chapter 44.04 RCW
10 as appropriate. Advisory committee members, if appointed, may not
11 receive compensation or reimbursement for travel or expenses.

12 (6) The joint task force shall review public and private mechanisms
13 for financing long-term care and make recommendations related to:

14 (a) The composition of a long-term care system that is adequate to
15 meet the needs of persons of all ages with functional limitations,
16 including appropriate services to be offered in the continuum of care
17 ranging from services to support persons residing at home through
18 residential care. This shall be accomplished by first determining
19 capacity in each level of care in the long-term care continuum and
20 assessing the impact, by geographic region, of increasing or decreasing
21 capacity in each level of care;

22 (b) Efficient payment models that will effectively sustain public
23 funding of long-term care and maximize the use of financial resources
24 to directly meet the needs of persons of all ages with functional
25 limitations;

26 (c) State laws and regulations that should be revised and/or
27 eliminated in order to reduce or contain long-term care costs to
28 individuals and the state;

29 (d) The feasibility of private options for realistically enabling
30 individuals to pay for long-term care and the most effective tools for
31 implementing these options. The assessment of options should include
32 but not be limited to: (i) Adequacy of personal savings and pensions;
33 (ii) availability of family care, including incentives and supports for
34 families to provide care or pay for care; (iii) creative
35 community-based strategies or partnerships for funding quality
36 long-term care; (iv) enhanced health insurance options; (v) long-term
37 care insurance options, including incentives to purchase long-term care

1 insurance through individual or group-based products; (vi) life
2 insurance annuities; and (vii) reverse mortgage and other products that
3 draw on home equity; and

4 (e) Options that will support long-term care needs of rural
5 communities.

6 (7) The joint task force shall recommend chronic care management
7 and disability prevention interventions that will reduce health care
8 and long-term care costs to individuals and the state, improve the
9 health of individuals over their life span, and encourage patient
10 self-management of chronic care needs.

11 (8) The joint task force shall incorporate a process designed to
12 facilitate an open dialog with the public on findings and
13 recommendations.

14 (9) The joint task force shall: (a) Report its initial findings to
15 the governor and appropriate committees of the legislature by January
16 1, 2006; (b) report its recommendations to the governor and appropriate
17 committees of the legislature by January 1, 2007; and (c) submit a
18 final report to the governor and appropriate committees of the
19 legislature by June 30, 2007.

20 NEW SECTION. **Sec. 2.** If specific funding for the purposes of this
21 act, referencing this act by bill or chapter number, is not provided by
22 June 30, 2005, in the omnibus appropriations act, this act is null and
23 void.

Passed by the House April 18, 2005.

Passed by the Senate April 7, 2005.

Approved by the Governor May 4, 2005.

Filed in Office of Secretary of State May 4, 2005.